

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
IRVINGTON COMMUNITY SCHOOL  
MARION COUNTY, INDIANA  
July 1, 2003 to June 30, 2005



**FILED**  
7/28/06



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of School	Timothy Ehrgott	07-01-2003 to 06-30-2006
Treasurer	Beth Reynolds Jeffrey R. Walk	07-01-2003 to 07-20-2004 07-21-2004 to 06-30-2006
President of the Board	Leslie Hiner	07-01-2003 to 06-30-2006



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

We have examined the basic financial statements of Irvington Community School (School Corporation), for the period of July 1, 2003 to June 30, 2005, as listed in the table of contents. The School Corporation's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the cash transactions of the School Corporation for the years ended June 30, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 31, 2006

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2004

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ <u>67,546</u>
<u>Net Assets</u>	
Unrestricted	\$ <u>67,546</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ <u>394,663</u>
<u>Net Assets</u>	
Unrestricted	\$ <u><u>394,663</u></u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2004

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 575,963	\$ -	\$ 3,555	\$ (572,408)
Support services	564,576	26,055	11,895	(526,626)
Community services	150	-	-	(150)
Nonprogrammed charges	<u>22,041</u>	<u>-</u>	<u>-</u>	<u>(22,041)</u>
Total governmental activities	<u>\$ 1,162,730</u>	<u>\$ 26,055</u>	<u>\$ 15,450</u>	<u>(1,121,225)</u>
General receipts:				
Property taxes				129,763
Other local sources				44,972
State aid				624,595
Grants and contributions not restricted				223,429
Bonds and loans				106,568
Intergovernmental transfers				<u>22,041</u>
Total general receipts and intergovernmental transfers				<u>1,151,368</u>
Change in cash and investments				30,143
Net assets - beginning				<u>37,403</u>
Net assets - ending				<u>\$ 67,546</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 841,489	\$ -	\$ 3,601	\$ (837,888)
Support services	4,256,389	36,844	25,857	(4,193,688)
Community services	23	-	-	(23)
Nonprogrammed charges	(4,901)	-	-	4,901
Debt service	<u>116,199</u>	<u>-</u>	<u>-</u>	<u>(116,199)</u>
Total governmental activities	<u>\$ 5,209,199</u>	<u>\$ 36,844</u>	<u>\$ 29,458</u>	<u>(5,142,897)</u>
General receipts:				
				351,823
Property taxes				106,360
Other local sources				745,436
State aid				145,454
Grants and contributions not restricted				2,309,398
Bonds and loans				<u>1,811,543</u>
Sale of property, adjustments, and refunds				
Total general receipts				<u>5,470,014</u>
Change in cash and investments				327,117
Net assets - beginning				<u>67,546</u>
Net assets - ending				<u>\$ 394,663</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2004

	General	Textbook Rental	Title II	ESEA Title V	Other	Totals
Receipts:						
Local sources	\$ 172,643	\$ 7,779	\$ -	\$ -	\$ 20,369	\$ 200,791
Intermediate sources	-	-	-	-	-	-
State sources	628,150	1,922	-	-	-	630,072
Federal sources	-	-	11,675	180,000	41,727	233,402
Bonds and loans	106,568	-	-	-	-	106,568
Sale of property, adjustments and refunds	-	-	-	-	-	-
Intergovernmental transfers	22,041	-	-	-	-	22,041
Total receipts	929,402	9,701	11,675	180,000	62,096	1,192,874
Disbursements:						
Current:						
Instruction	529,103	-	-	24,990	21,870	575,963
Support services	361,539	-	-	157,196	45,841	564,576
Community services	-	-	-	-	150	150
Nonprogrammed charges	22,041	-	-	-	-	22,041
Debt services	-	-	-	-	-	-
Total disbursements	912,683	-	-	182,186	67,861	1,162,730
Excess (deficiency) of total receipts over (under) total disbursements	16,719	9,701	11,675	(2,186)	(5,765)	30,144
Cash and investments - beginning	48,487	751	-	3,003	(14,839)	37,402
Cash and investments - ending	\$ 65,206	\$ 10,452	\$ 11,675	\$ 817	\$ (20,604)	\$ 67,546

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Textbook Rental	Walton Grant	Title II	ESEA Title V	Construction Remodel	Other	Totals
Receipts:								
Local sources	\$ 388,887	\$ 10,907	\$ 69,297	\$ -	\$ -	\$ -	\$ 25,937	\$ 495,028
Intermediate sources	-	-	-	-	-	-	-	-
State sources	749,037	6,694	-	-	-	-	1,300	757,031
Federal sources	-	-	-	-	93,431	-	69,885	163,316
Bonds and loans	529,080	-	-	-	-	1,755,318	25,000	2,309,398
Sale of property, adjustments and refunds	-	-	-	-	-	1,811,543	-	1,811,543
Intergovernmental transfers	-	-	-	-	-	-	-	-
Total receipts	<u>1,667,004</u>	<u>17,601</u>	<u>69,297</u>	<u>-</u>	<u>93,431</u>	<u>3,566,861</u>	<u>122,122</u>	<u>5,536,316</u>
Disbursements:								
Current:								
Instruction	693,627	61,196	-	11,675	56,763	-	18,228	841,489
Support services	535,798	-	-	-	37,485	3,566,861	116,245	4,256,389
Community services	-	-	-	-	-	-	23	23
Nonprogrammed charges	(4,901)	-	-	-	-	-	-	(4,901)
Debt services	116,199	-	-	-	-	-	-	116,199
Total disbursements	<u>1,340,723</u>	<u>61,196</u>	<u>-</u>	<u>11,675</u>	<u>94,248</u>	<u>3,566,861</u>	<u>134,496</u>	<u>5,209,199</u>
Excess (deficiency) of total receipts over (under) total disbursements	326,281	(43,595)	69,297	(11,675)	(817)	-	(12,374)	327,117
Cash and investments - beginning	<u>65,206</u>	<u>10,452</u>	<u>-</u>	<u>11,675</u>	<u>817</u>	<u>-</u>	<u>(20,604)</u>	<u>67,546</u>
Cash and investments - ending	<u>\$ 391,487</u>	<u>\$ (33,143)</u>	<u>\$ 69,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,978)</u>	<u>\$ 394,663</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2004

	<u>Private-Purpose Trust Funds</u>
Additions:	
Local sources	\$ 60,000
Excess of total additions over total deductions	60,000
Cash and investments - beginning	<u>-</u>
Cash and investments - ending	<u>\$ 60,000</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2005

	<u>Private-Purpose Trust Funds</u>
Deductions:	
Instruction	\$ 6,624
Support services	<u>4,899</u>
Total deductions	<u>11,523</u>
Deficiency of total additions under total deductions	(11,523)
Cash and investments - beginning	<u>60,000</u>
Cash and investments - ending	<u><u>\$ 48,477</u></u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2004

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	<u>\$ 60,000</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	<u>\$ 60,000</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ <u>48,477</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>48,477</u>

The accompanying notes are an integral part of the financial statements.

IRVINGTON COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS

Note 1. Introduction

The School Corporation was established under the laws of the State of Indiana. The School Corporation provides the following services: public education.

Note 2. Fund Accounting

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

IRVINGTON COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The School Corporation has entered into various debts such as bonds for building construction, common school loan, capital leases for voice and data equipment, and computers. The outstanding principal at June 30, 2005, was \$4,260,000, \$340,371, \$13,566, and \$50,859, respectively.

Note 8. Subsequent Event

The School Corporation has entered into various capital leases for Watchman 20 Autoscrubber (\$4,931), Copystar copier (\$15,070), voice and data equipment (\$7,482 and \$1,848) and student computers (\$148,954 and \$135,479).

## IRVINGTON COMMUNITY SCHOOL EXAMINATION RESULTS AND COMMENTS

### OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Jeffrey R. Walk, Treasurer

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

### OVERDRAWN FUND BALANCES

The School Lunch Fund and Recoverable Grant Fund were overdrawn at June 30, 2004. The School Lunch Fund and Textbook Rental Fund were overdrawn at June 30, 2005.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

### CAPITAL ASSET RECORDS

The information presented on the capital asset record, did not give an adequate description of the asset being accounted for. The capital asset record gave the place or person that the item was purchased from, but not a description of the actual item.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

### PRESCRIBED FORMS

The following prescribed or approved form was not always in use:

TBR Form 2

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

IRVINGTON COMMUNITY SCHOOL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

IRVINGTON COMMUNITY SCHOOL  
EXIT CONFERENCE

The contents of this report were discussed on May 31, 2006, with Timothy Ehrgott, President of the School; Cindy Sum, Bookkeeper; and Lori Thompson, Bookkeeping Plus, Inc.